

Document Name : Enterprise Risk Management Policy
Document Creation By & Date :
Document Owners :
Document Version : 1.2
Document Last Change By & Date :

POLICY FOR ENTERPRISE RISK MANAGEMENT

GENERAL

1. This document articulates the principles by which the Company will carry out Enterprise Risk Management (ERM) in alignment with the Company's strategic direction and business plans.
2. In framing its ERM Policy and Processes, the Company seeks to ensure compliance with related provisions of Listing Obligations and Disclosure Requirements (LODR), 2015, and the Companies Act, 2013, applicable law, and directions of the Board of Directors.
3. Furthermore, by implementing this ERM Policy, the Company seeks to ensure that its key risks are identified and that it has sound risk mitigation strategies to address them.
4. The Company intends that ERM is not an isolated activity but is embedded in its business processes. It will seek to create a risk-management culture whereby employees take cognizance of, and act to, manage risks.
5. The Processes flowing from this Policy will lay down the methodology, procedures, measurements, communication/ information flow, and roles/ responsibilities (**collectively Processes**) for ERM at Bharat Bijlee.

ENTERPRISE RISK MANAGEMENT POLICY

1.0 Purpose

1.1 This Policy states the principles by which ERM will be conducted in the Company.

1.2 By implementing the Policy, the Company will:

- 1.2.1** Identify the eventualities (**Risks**) that **could** impact achievement of its business objectives, or **could** threaten its survival
- 1.2.2** Identify internal **Vulnerabilities** that could make the Company susceptible to these risks, and
- 1.2.3** Develop **Processes** to ensure timely evaluation, reporting, monitoring and mitigation of these risks.

1.3 In doing so, it will distinguish between Risks and the Threats that are identified during periodic business planning activities.

2.0 Scope

2.1 The Policy applies to the Company as a whole and to all its Strategic Business Units (SBUs) and Service Units.

3.0 Policy

3.1 The Company will establish a methodology to **classify risks** based upon:

3.1.1 Their nature (e.g. Strategic/ Financial/ Operational/ Transactional/ Compliance/ Information & Cyber Security/ Sustainability/ Reputational), and

3.1.2 Their controllability (e.g. External/ Internal).

3.2 The Company will establish a methodology to **assess and measure risks** (e.g. by Likelihood and Significance) and will attempt to quantify the measures in money terms.

3.3 The Company will establish a methodology to **classify mitigation strategies** (e.g. Avoidance/ Acceptance/ Transfer and Contracting/ Limitation and Control).

Mitigation is defined to include reduction of the likelihood that a risk event will occur and/ or reduction of the effect of a risk event if it does occur.

3.4 The Company will establish a methodology to **prioritise mitigation plans** - and to measure their effectiveness - based upon the combined effect (Impact) of Likelihood and Significance.

3.5 The Company will establish Processes whereby **risks are identified, assessed**, and their Impact measured in the context of:

3.5.1 Business objectives and business plans, and

3.5.2 Identified internal Vulnerabilities;

And that prioritised **mitigation plans** (with **Recovery Strategies** to ensure business continuity if applicable) **are developed**.

3.6 The Company will establish Processes whereby ownership of identified risks and their mitigation plans are assigned to '**Risk Owners**' as part of their functional role within the Company.

3.7 The Company will establish Processes whereby risks, and the effectiveness of mitigation plans, will be **periodically assessed**.

3.8 The Company will establish appropriate roles, reporting structures, resources and Processes to give effect to this Policy.

3.9 All Processes developed in respect of ERM will be in consonance with this Policy.

- 3.10** The Company will continually strive to adopt global best practices in ERM.
- 3.11** This Policy will be read with and be subservient to LODR, the Companies Act and other applicable law.
- 3.12** Any change in this Policy shall be approved by the Board of Directors or any of its Committees (as may be authorised by the Board). Any amendments to Listing regulations and/or any other applicable law shall automatically apply to this Policy.
-